



Medicaid Expansion Estimates Demographics and Cost

South Dakota Health Care Solutions Coalition

November 18, 2015

Medicaid Expansion - Eligibles

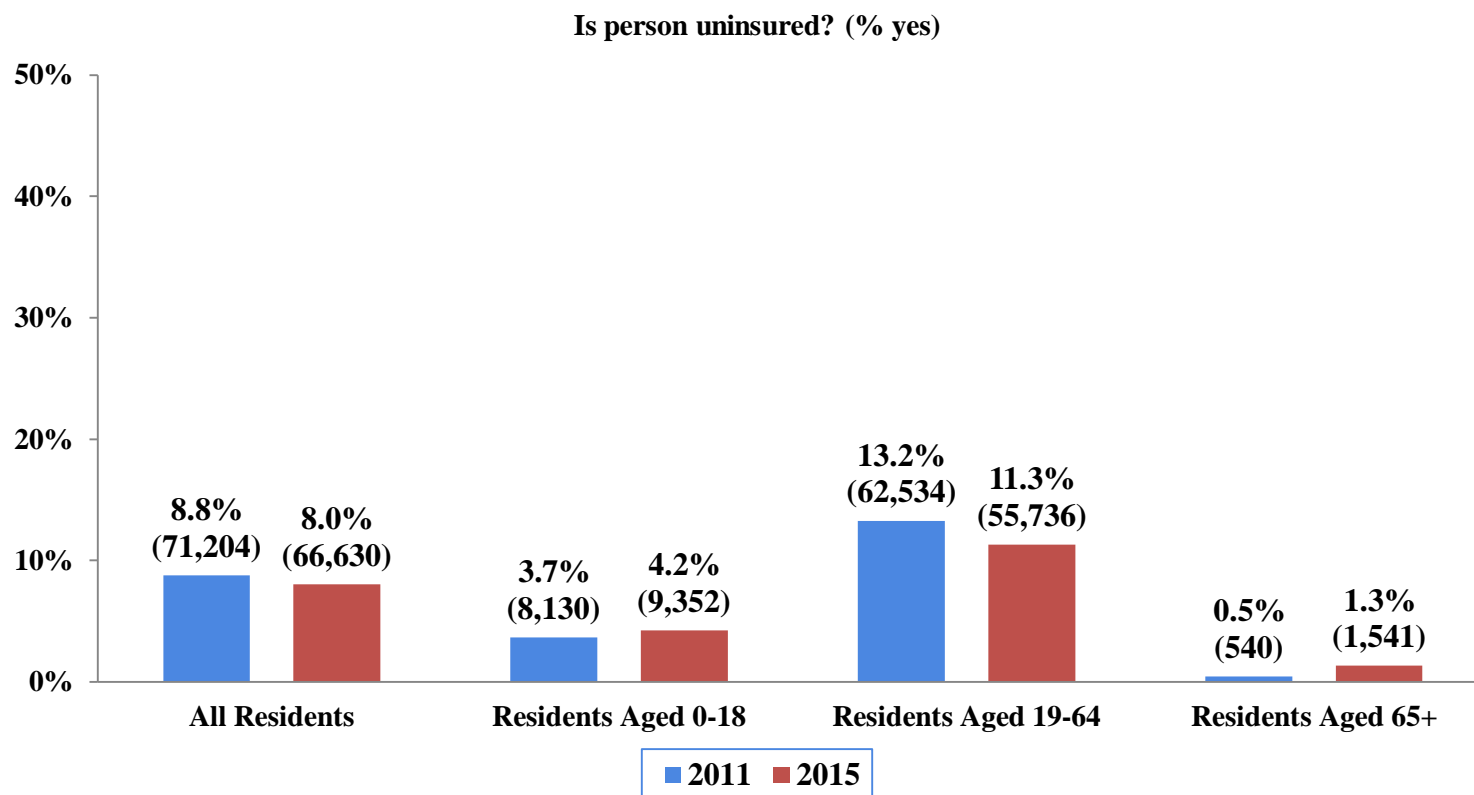
- Medicaid expansion under the ACA allows states to cover individuals up to 138% FPL
 - Household of 1 - \$16,243 per year
 - Household of 4 - \$33,465 per year (2015 FPL guidelines)

Additional people that would be eligible for Medicaid if the state expands to 138% FPL:

- 2011 Market Decisions estimate: 48,564
- 2015 Market Decisions estimate: 49,721

The Uninsured in South Dakota

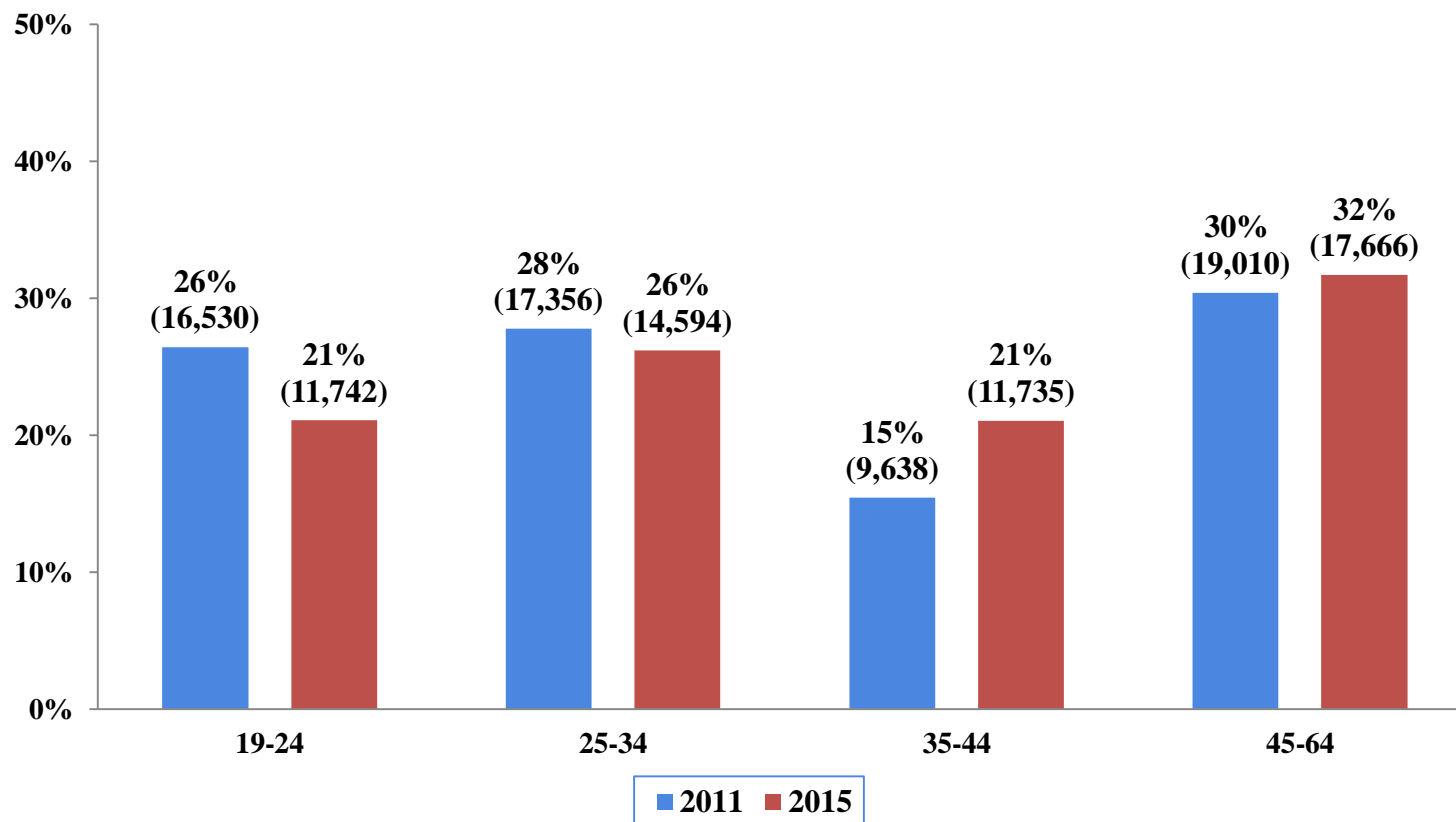
- In 2015, 66,630 (8.0%) of South Dakotans were uninsured compared to 8.8% in 2011



The Uninsured in South Dakota

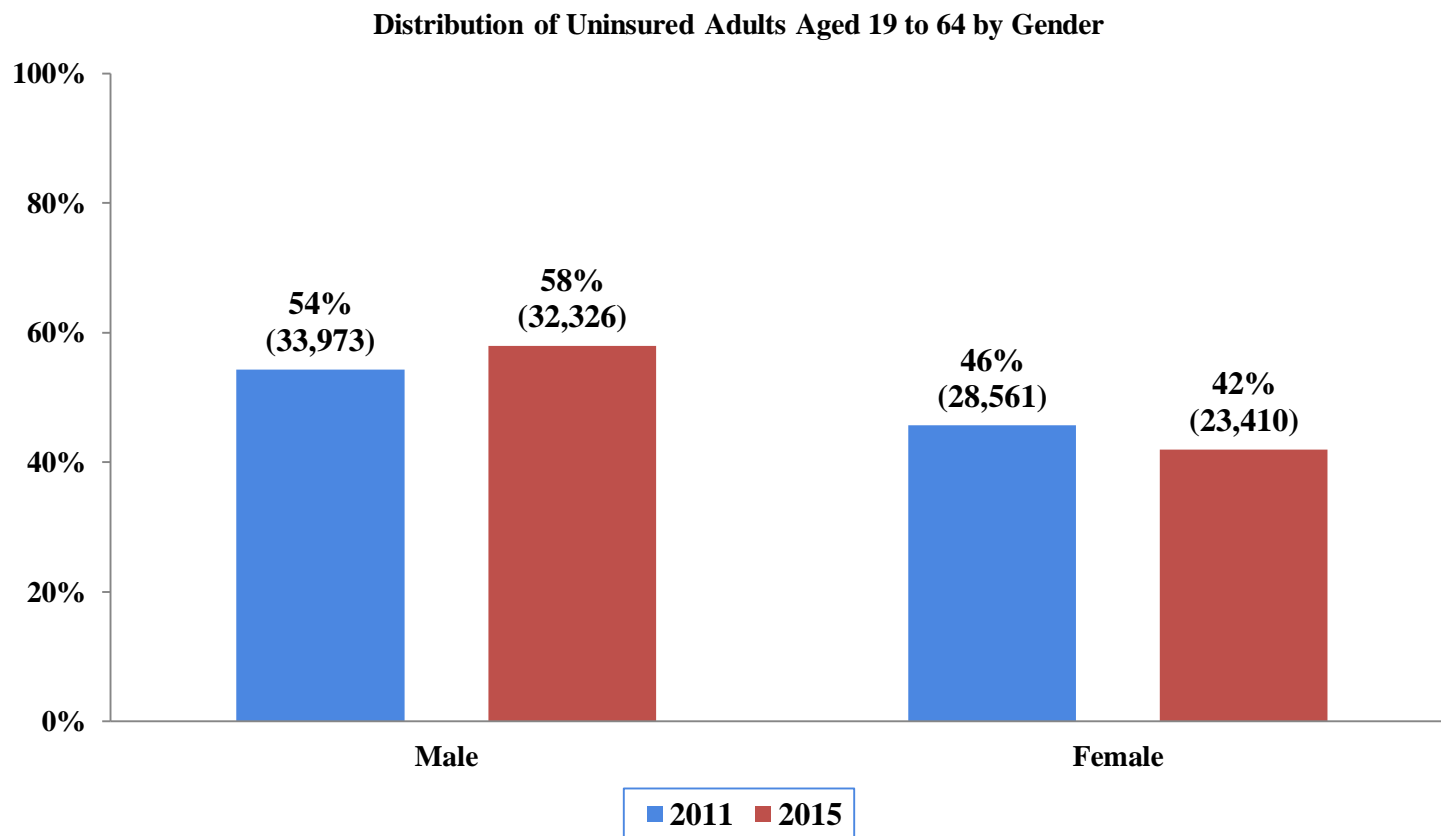
Overall, the uninsured are young with 47% between 19 and 34

Distribution of Uninsured Adults Aged 19 to 64 by Age



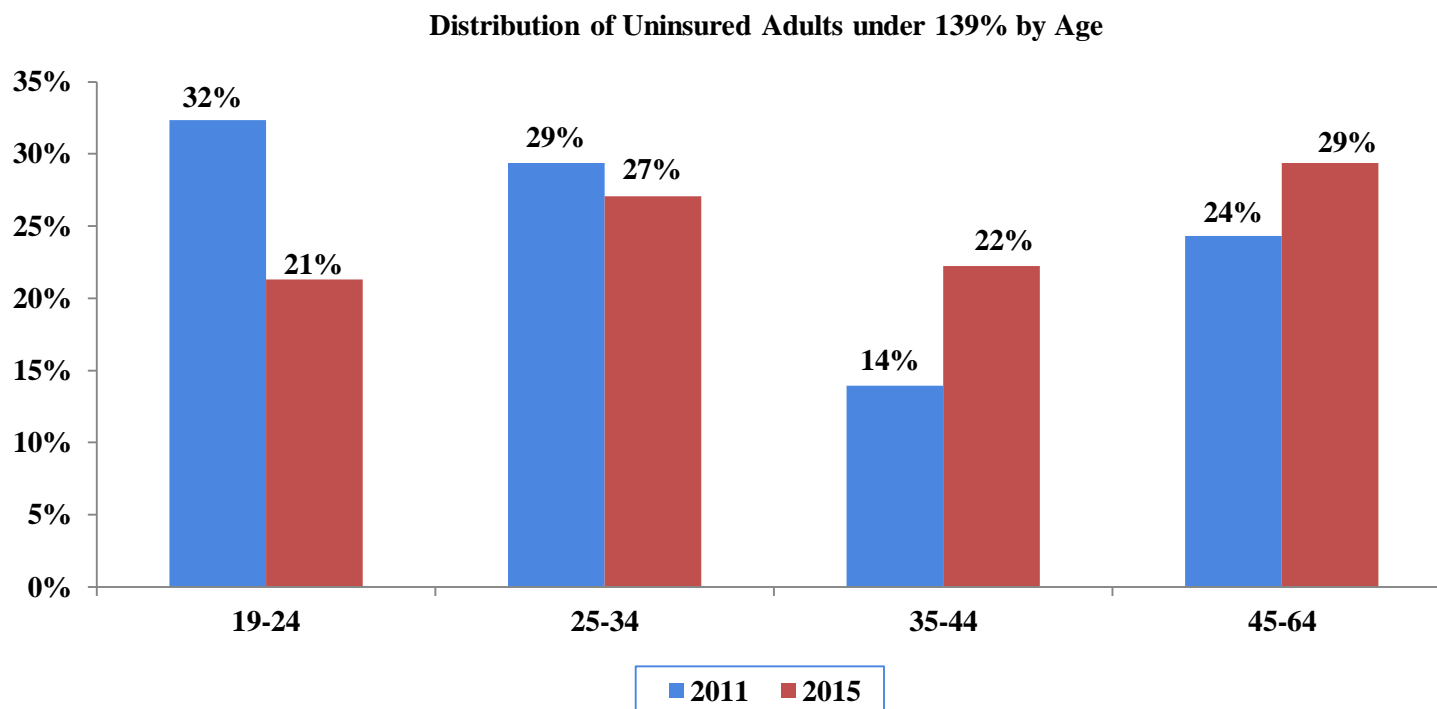
The Uninsured in South Dakota

Males make up the majority of the uninsured at 58%



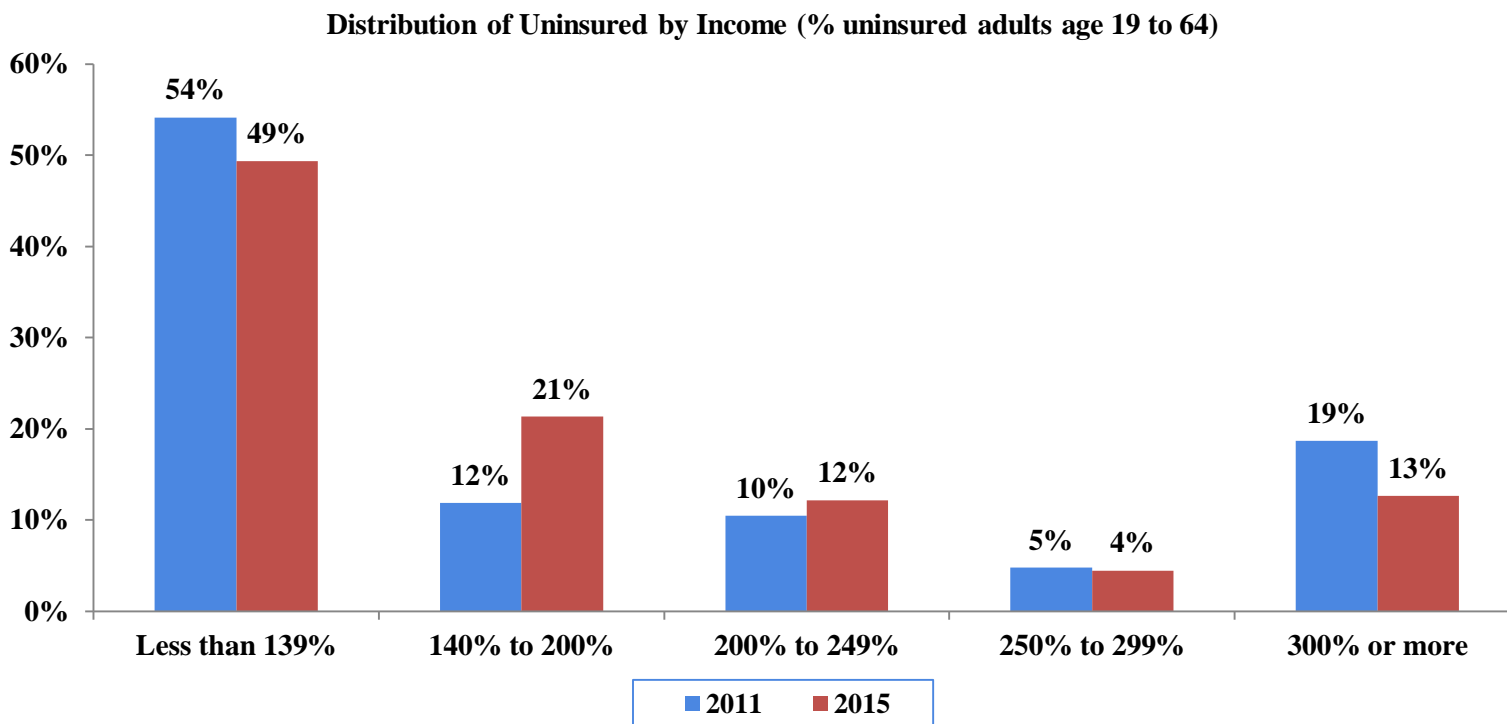
The Uninsured in South Dakota

In 2015, 48% of the uninsured under 138% were between the ages of 18 and 34.



The Uninsured in South Dakota

In general, those with lower incomes are more likely to be uninsured.

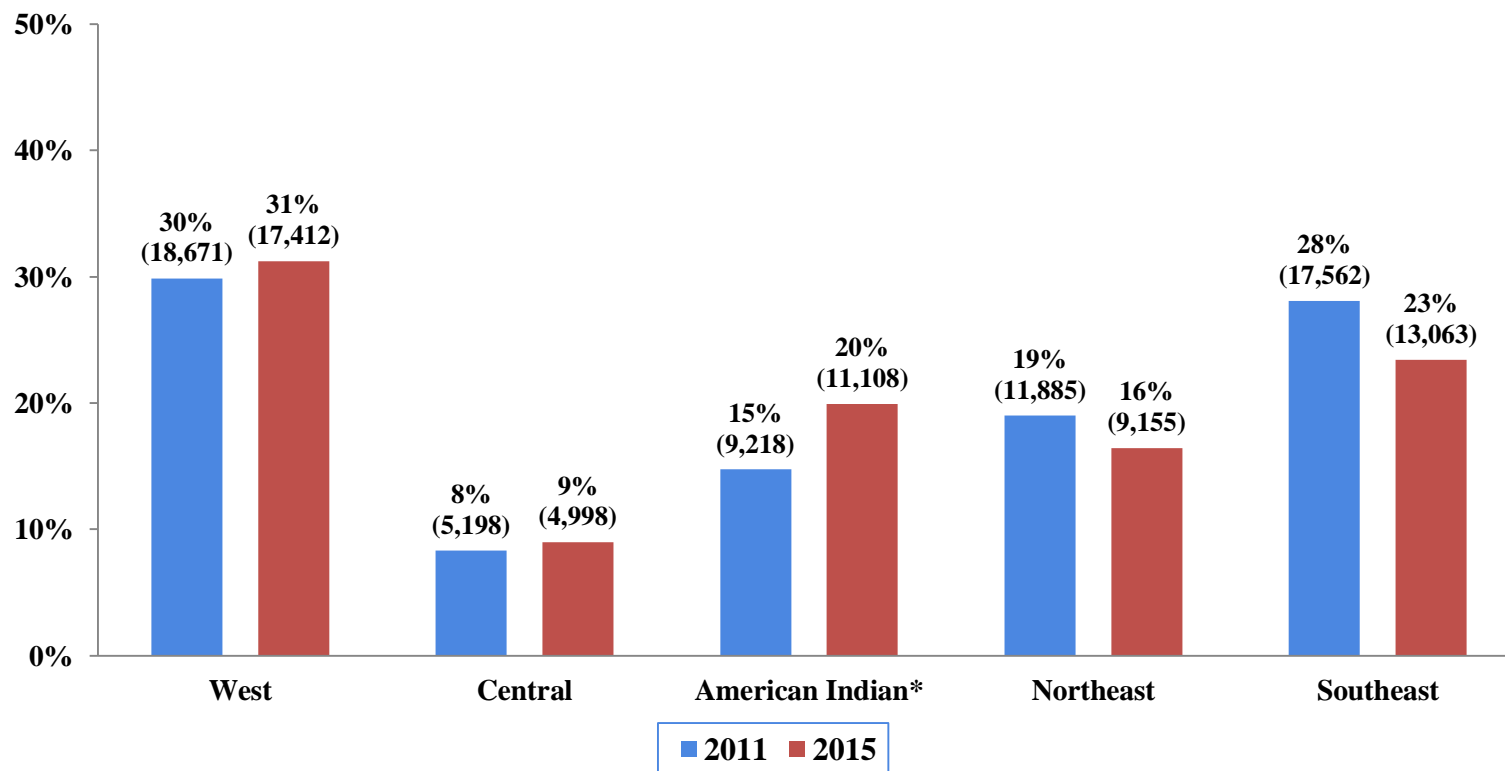


For reference, 100% of Federal Poverty Level is an annual income of \$24,250 for a family of four

The Uninsured in South Dakota

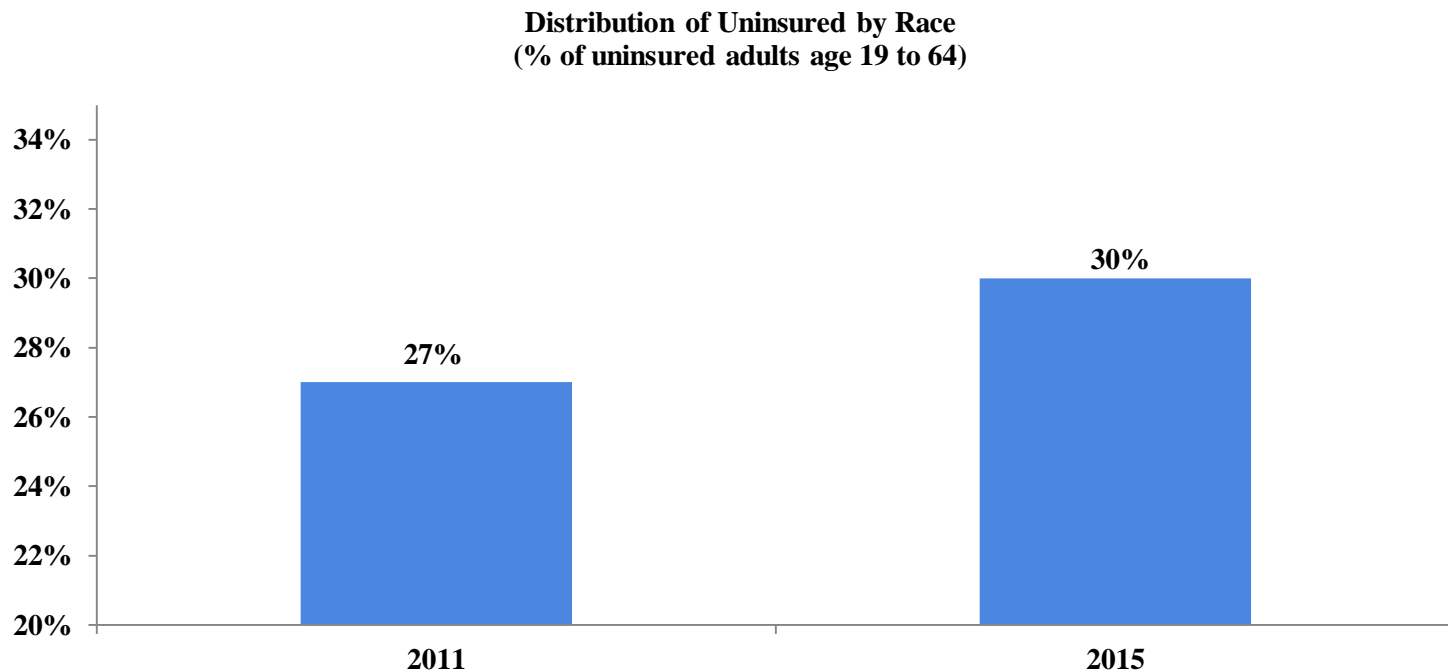
Nearly six in ten uninsured adults between the ages of 18 and 64 reside in either the West Region (31%) or the Southeast Region (23%).

Distribution of Uninsured Adults Aged 19 to 64 by Region of the State



The Uninsured in South Dakota

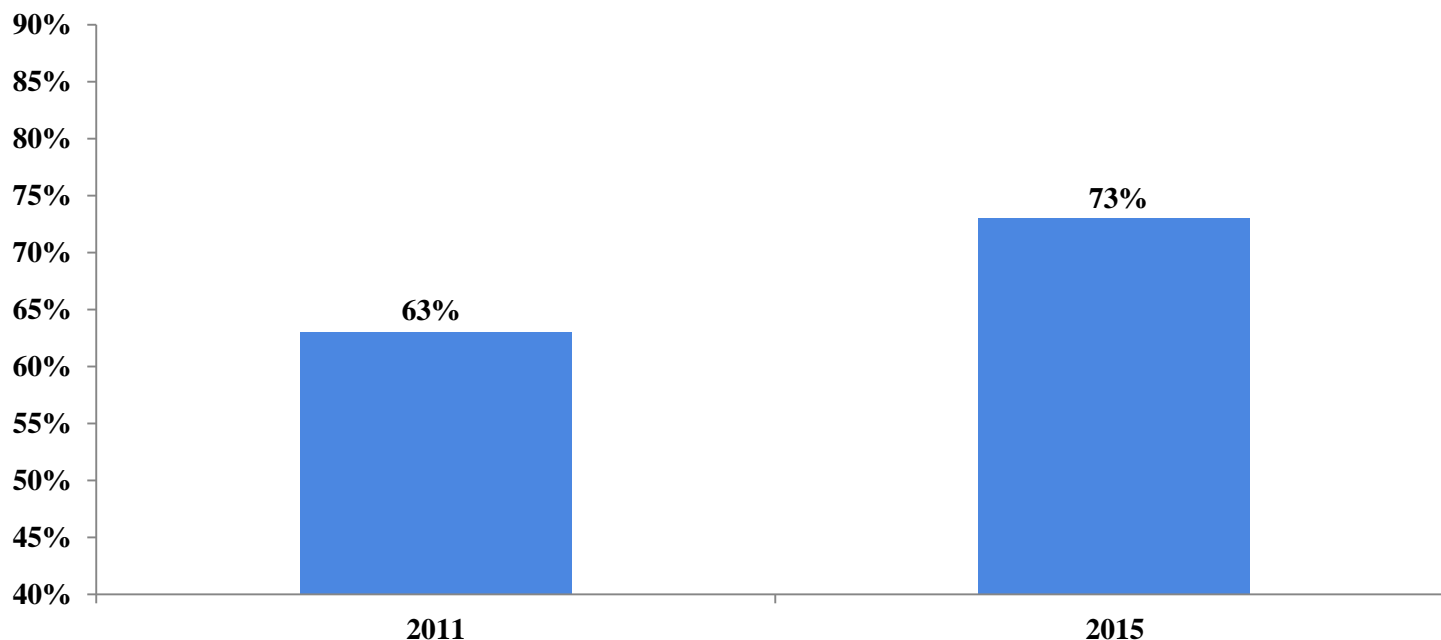
Of the 55,737 total uninsured between 18 and 64, 30% are Native American.



The Uninsured in South Dakota

In 2015 73% of uninsured adults between the ages of 19 and 64 are employed compared to 63% in 2011. Of the 73%- the majority, 74% are employed full time.

Does person work for pay?
(Distribution among uninsured adults aged 19 to 64)



Medicaid Expansion – Original Cost Projections

Assumptions:

Projected Eligibles: 48,564 based on 2011 Market Decisions

Take-up rate for enrollment: 40% year 1, 90% year 2, 100% year 3

Projected Cost Per Eligible: \$6,103 modeled after FY13 cost of Low Income Family (LIF) adult

Assumed no additional capacity for IHS – i.e. no 100% FFP for Native Americans in the expansion population.

- Includes cost estimate for provision of substance abuse services for currently eligible adult population
- Administrative costs included 39 FTE – primarily eligibility determination and some claims processing staff

Medicaid Expansion – Original Cost Projections

- 2011 Market Decisions for number of eligibles (48,564)
 - 40% take up rate in Year 1 (**19,426**), 90% year 2, 100% year 3
- 2013 actuals for cost of LIF adult plus (**\$6,103**)
- No additional capacity through IHS – i.e., no 100% FFP for Native Americans in the expansion population.

FY16 Per Eligible Benefit Cost \$ 6,103 (Annual growth rate 5%)

Eligibles (Annual growth rate 1%)

	19,426	44,145	49,540	50,036	50,536	51,041	51,552	
	SFY 2016	SFY 2017	SFY 2018	SFY 2019	SFY 2020	SFY 2021	SFY 2022	Total thru SFY2022

Eligible Benefit Costs (in millions)

Federal and State	\$119.79	\$284.19	\$334.68	\$354.90	\$376.33	\$399.09	\$423.19	\$2,292.17
Federal Spending	\$119.20	\$276.52	\$315.72	\$331.26	\$343.78	\$358.61	\$380.28	\$2,125.37
State Spending	\$0.59	\$7.67	\$18.96	\$23.64	\$32.55	\$40.48	\$42.91	\$166.80

Medicaid Expansion – Original Cost Projections

Administrative Costs

- 39 FTE – Benefits Specialist and Claims Processing

	SFY 2016	SFY 2017	SFY 2018	SFY 2019	SFY 2020	SFY 2021	SFY 2022	Total thru SFY2022
(50/50) Admin Costs (in millions)								
Federal and State	\$2.44	\$2.56	\$2.68	\$2.82	\$2.96	\$3.10	\$3.26	\$19.82
Federal	\$1.22	\$1.28	\$1.34	\$1.41	\$1.48	\$1.55	\$1.63	\$9.91
State	\$1.22	\$1.28	\$1.34	\$1.41	\$1.48	\$1.55	\$1.63	\$9.91

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Total Benefits and Administration (in millions)

Federal and State	\$122.2	\$286.8	\$337.4	\$357.7	\$379.3	\$402.2	\$426.5	\$2,312.0
Federal	\$120.4	\$277.8	\$317.1	\$332.7	\$345.3	\$360.2	\$381.9	\$2,135.3
State	\$1.8	\$9.0	\$20.3	\$25.1	\$34.0	\$42.0	\$44.5	\$176.7

Medicaid Expansion – Revised Cost Projections

Number of potential eligibles 2015 Market Decisions: 49,721

Cost per eligible: SFY15 actual for LIF Adult \$6,454

Revised assumptions based on expansion state's actual experience.

- Including 10% contingency relative to number of eligibles
- Including 20% contingency relative to cost per eligible
- Assuming quicker take-up rate 90% year 1, 100% year 2
- Still finalizing administrative costs to consider impacts for administrative services, resources to support quality control, reporting, etc.
- Also need to consider the cost of any new services recommended

Medicaid Expansion – Revised Cost Projections

- 2015 Market Decisions for number of eligibles (49,721) plus 10% (54,693)
 - 90% take up rate in Year 1 (**49,224**), 100% year 2
- 2015 actuals for cost of LIF adult plus 20% (**\$7,744**)
- No additional capacity through IHS – (no 100% FFP for Native Americans in expansion population)

Benefit Costs:

FY17 Per Eligible Benefit Cost **\$ 7,744** (Annual growth rate 5%)

Eligibles (Annual growth rate 1%)

49,224	55,240	55,792	56,350	56,914	57,483	58,058	
SFY 2017	SFY 2018	SFY 2019	SFY 2020	SFY 2021	SFY 2022	SFY 2023	Total thru SFY2023

Eligible Benefit Costs (in millions)

Federal and State	\$382.61	\$450.66	\$477.95	\$506.86	\$537.51	\$570.03	\$604.50	\$3,530.12
Federal Spending	\$372.43	\$425.27	\$446.25	\$463.15	\$483.12	\$512.36	\$543.34	\$3,245.92
State Spending	\$10.18	\$25.39	\$31.70	\$43.71	\$54.39	\$57.67	\$61.16	\$284.20

Medicaid Expansion – Revised Cost Projections

Administrative Costs

- 39 FTE – Benefits Specialist and Claims Processing
- Still finalizing administrative costs to consider revised assumptions and consider impacts to administrative services, additional quality control efforts, etc.

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Total Benefits and Administration (in millions)

Federal and State	\$385.1	\$453.2	\$480.6	\$509.7	\$540.5	\$573.1	\$607.8	\$3,549.9
Federal	\$373.7	\$426.6	\$447.6	\$464.6	\$484.6	\$513.9	\$545.0	\$3,255.8
State	\$11.4	\$26.7	\$33.0	\$45.1	\$55.9	\$59.2	\$62.8	\$294.1

Medicaid Expansion – Revised Cost Projections with 100% FMAP for Native Americans in Expansion Population

Assume all expenditures for Native American expansion population claimed at 100% FFP

- 2015 Market Decisions for number of eligibles (49,721) plus 10% (54,693)
 - 90% take up rate in Year 1 (49,224) and 100% in Year 2
- 2015 actuals for cost of LIF adult plus 20% (\$7,744)

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Eligible Benefit Costs (in millions)

Federal and State	\$382.61	\$450.66	\$477.95	\$506.87	\$537.50	\$570.03	\$604.49	\$3,530.11
Federal Spending	\$375.00	\$431.94	\$454.62	\$474.75	\$497.58	\$527.70	\$559.60	\$3,321.19
State Spending	\$7.61	\$18.72	\$23.33	\$32.12	\$39.92	\$42.33	\$44.89	\$208.92

Medicaid Expansion – Revised Cost Projections with 100% FMAP for Native Americans in Expansion Population

Administrative Costs

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Total Benefits and Administration (in millions)

Federal and State	\$385.1	\$453.2	\$480.6	\$509.7	\$540.5	\$573.1	\$607.8	\$3,549.9
Federal	\$376.2	\$433.2	\$456.0	\$476.2	\$499.1	\$529.3	\$561.2	\$3,331.1
State	\$8.8	\$20.0	\$24.7	\$33.5	\$41.4	\$43.9	\$46.5	\$218.8

Key Points

- 2011 and 2015 Market Decisions Surveys show little variation in numbers of potential expansion population and demographics.
- Revised estimates provide a range of state costs between \$33.5 - \$45.1 million annually starting in 2020.
 - Model that considers no additional capacity through IHS for claiming 100% FFP to Native American's in the expansion population is the most fiscally conservative.
- In SFY15 - Medicaid expended \$139 million for services for Native Americans also eligible for IHS at the regular FMAP (48%).
 - \$66.7 million state funds
- To garner \$45.1 million in state funds for expansion, implementation plan needs to shift double that amount (\$90.2 million) from regular FMAP rate to 100% federal.

Key Points

- Any additional funds freed up by implementation plan will not be expended before they actually accrue.